



House of Representatives

General Assembly

File No. 731

January Session, 2015

Substitute House Bill No. 6988

House of Representatives, April 23, 2015

The Committee on Judiciary reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING TERMINATION AND DISSOLUTION OF A MASTER ASSOCIATION AND LIABILITY OF A UNIT OWNER WHOSE NEGLIGENCE CAUSES PROPERTY DAMAGE TO A UNIT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 47-239a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 In the case of a master association: (1) That is comprised of common
4 interest communities consisting of not less than four hundred units but
5 not more than six hundred units, (2) in which the master association is
6 governed by a board of directors consisting of one individual
7 representing each constituent common interest community, who is on
8 the board of directors of the constituent common interest community,
9 and (3) in which the master association board of directors has a
10 weighted vote based on the number of units in the constituent
11 common interest community represented by the director:

12 (A) On the written consent of unit owners owning not less than

13 twenty-five per cent of the units in the constituent common interest
14 communities of such master association, the master association shall be
15 terminated and dissolved and shall convey all assets owned by the
16 master association to a new nonstock corporation that shall be formed
17 not later than sixty days after the termination and dissolution of the
18 master association.

19 (B) The associations of unit owners of the constituent common
20 interest communities shall be the members of the new nonstock
21 corporation. Each of the member associations shall appoint one person
22 to be a member of the board of directors of the new nonstock
23 corporation. Each member of the board of directors of the new
24 nonstock corporation shall have one equal vote on matters to be voted
25 on by the board of directors.

26 (C) The unit owners of each constituent common interest
27 community shall have equal rights to utilize the facilities owned by the
28 new nonstock corporation and each constituent common interest
29 community shall share in the cost of the operation, maintenance, repair
30 and replacement of the facilities of the new nonstock corporation on
31 the basis of the number of units in each constituent common interest
32 community as a percentage of the total number of units in all
33 constituent common interest communities that comprise the master
34 association.

35 (D) The Superior Court shall have jurisdiction to enter such orders
36 as may be appropriate in the circumstances to implement the
37 termination and transfer and the organization and operation of the
38 new nonstock corporation.

39 Sec. 2. Subsection (a) of section 47-253 of the general statutes is
40 repealed and the following is substituted in lieu thereof (*Effective*
41 *October 1, 2015*):

42 (a) A unit owner is not liable, solely by reason of being a unit owner,
43 for injury or damage arising out of the condition or use of the common
44 elements. A unit owner whose negligence causes property damage to a

45 unit is personally liable for the property damage caused to such unit.
46 Neither the association nor any unit owner except the declarant is
47 liable for that declarant's torts in connection with any part of the
48 common interest community which that declarant has the
49 responsibility to maintain.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	47-239a
Sec. 2	<i>October 1, 2015</i>	47-253(a)

JUD *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill makes changes that involve common interest community associations and has no fiscal impact to the state and municipalities as it involves private entities.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6988*****AN ACT CONCERNING TERMINATION AND DISSOLUTION OF A MASTER ASSOCIATION AND LIABILITY OF A UNIT OWNER WHOSE NEGLIGENCE CAUSES PROPERTY DAMAGE TO A UNIT.*****SUMMARY:**

This bill makes two changes to the Common Interest Ownership Act.

Legislation enacted in 2014 created a process to terminate certain master associations, and transfer their assets to new nonstock corporations, upon the consent of owners with at least 25% of the units. (A master association is an association comprised of other common interest community associations.) Currently, this provision applies to master associations with at least 400 units. The bill narrows its applicability, allowing this process for master associations with at least 400, but no more than 600, units.

The bill also specifies that if a unit owner's negligence causes property damage to a unit, the owner is personally liable for the damage. By law, associations must carry property insurance policies covering the common elements. In some circumstances, the policies also must cover the units (CGS § 47-255).

EFFECTIVE DATE: Upon passage, except the provision on liability within units is effective October 1, 2015.

BACKGROUND***Master Association Termination***

Under PA 14-215, in addition to the limitation on the number of units noted above, the termination process applies to master associations:

1. governed by a board of directors with one individual

representing each constituent common interest community, who is on the constituent community's board and

2. whose board has a weighted vote based on the number of units in each constituent community.

Under the act, the association is terminated and dissolved if at least 25% of unit owners consent in writing. After dissolution, the association must convey its assets to a new nonstock corporation that must be formed within 60 days. The association of each constituent community must appoint a member to the nonstock corporation's board, and each board member must have an equal vote in board matters.

Common Interest Ownership Act (CIOA)

CIOA governs the creation, alteration, management, termination, and sale of condominiums and other common interest communities formed in Connecticut on and after January 1, 1984 (CGS § 47-200 et seq.). Certain CIOA provisions (including the liability statute amended by this bill) also apply to common interest communities created in Connecticut before January 1, 1984 but do not invalidate existing provisions of the communities' governing instruments. Common interest communities created before that date can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, 216, & 218).

Related Bill

HB 5588 (File No. 7), reported favorably by the Insurance and Real Estate Committee, eliminates the authorization for an association governed by CIOA to, after notice and hearing, assess certain common expenses exclusively against the unit owner that his or her tenant, guest, or invitee causes.

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Substitute

Yea 40 Nay 1 (04/10/2015)